

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS**

AMERICAN ASSOCIATION OF  
UNIVERSITIES, et al.,

Plaintiff,

v.

NATIONAL SCIENCE FOUNDATION, *et*  
*al.*,

Defendants.

No. 1:25-cv-11231-IT

**DECLARATION OF JANIS COUGHLIN-PIESTER**

I, Janis Coughlin-Piester, hereby declare that my testimony below is true and correct to the best of my knowledge and belief and is given under penalty of perjury, pursuant to 28 U.S.C. § 1746:

1. I am employed as the Chief Financial Officer and Head of the Office of Budget, Finance, and Award Management at the National Science Foundation (NSF).
2. I have held this position since August 14, 2022.
3. I am responsible for overseeing the agency's financial operations, including budgeting, accounting, financial reporting, and award management.
4. This declaration incorporates information known to me and collected through reasonable diligence from those involved in the Policy Notice promulgated on May 2, 2025.

## **I. NSF's Administration of Grants**

5. Established by the NSF Act of 1950, NSF is an independent federal agency that promotes the progress of science; advances the national health, prosperity, and welfare; and secures the national defense.

6. To support these missions, NSF awards grants to various entities, including Institutions of Higher Education (IHEs) to support research activities. In Fiscal Year (FY) 2024, NSF evaluated approximately 40,000 proposals through a competitive merit review process and funded approximately 11,000 competitive new and renewal awards. Of these awards, approximately 9,400 were awarded to IHEs.

7. When considering whether to award a grant, NSF uses two statutory criteria to ensure that every award has the potential to advance new knowledge (Intellectual Merit) with maximum impact on the Nation and its people (Broader Impacts). NSF uses these criteria with an eye towards ensuring taxpayer funds advance the United States' research objectives as efficiently as possible and with responsible stewardship of Federal funds.

8. The grant review process typically takes 6 months for technical review plus 1 month for final administrative review prior to award. As part of the review process, NSF negotiates proposed budgets and may suggest reducing or eliminating costs for specific budget items that are clearly unnecessary or unreasonable for the activities to be undertaken. This negotiation would not include faculty salaries, salary rates, fringe benefits, tuition, or indirect cost rates. NSF may also discuss the total NSF funding that will be recommended for a project. NSF does not renegotiate cost sharing or other organizational commitments in compliance with 2 CFR 200.306(a) during this process.

9. The average approval rate for grant proposals from IHEs was 27% in FY 2024.

10. These grants reimburse two categories of costs on an as-needed basis based on costs a grantee incurs or expects to incur during a given period – direct or indirect costs, as discussed further below.

11. First, the grants permit grantees to draw down federal funds for “direct costs” which are costs “identified specifically with” a particular research project or activity—*i.e.*, the specific research that NSF intends to support with the grant. 2 C.F.R. § 200.413(a). For example, in a grant for artificial intelligence research, direct costs would include the “the proportion of employee compensation and fringe benefits expended in relation to that specific award” and “supplies needed to achieve the award's objectives.” 2 C.F.R. § 200.413(b).

12. NSF grants also provide funding for a grantee’s “indirect costs.” For IHEs, these costs are “classified within two broad categories: ‘Facilities’ and ‘Administration.’” 2 C.F.R. §200.414(a). “Facilities” costs include “depreciation on buildings, equipment and capital improvements, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses” not associated with particular research. *Id.* “Administration” costs, in turn, include “general administration and general expenses such as the director’s office, accounting, personnel and all other types of expenditures not listed” elsewhere. *Id.*

13. Generally, NSF has paid indirect costs based on an “indirect cost rate” periodically negotiated with each grantee institution pursuant to a negotiated indirect-cost rate agreement (NICRA). 2 C.F.R. § 200.414(c)(1); see 2 C.F.R. pt. 200, subpart E &

app. III. In general, the higher the indirect-cost rate, the more NSF will reimburse. For example, at Harvard University, which has an indirect-cost rate of 69% for on-campus research, NSF may pay up to \$169,000 for a \$100,000 grant: \$100,000 in direct costs plus \$69,000 in indirect costs. For institutions that have not negotiated rates, a default “de minimis rate of 15%” applies. *See* 2 C.F.R. § 200.414(f).

14. In 2024, the average indirect cost rate applied to modified total direct cost (MTDC) for an IHE awarded an NSF grant was 50.9%. Further, in 2024, the highest indirect cost rate applied to MTDC awarded was 93.2% and the lowest was 6.2%. NSF is responsible to Congress and taxpayers for carrying out its mission in a manner that not only facilitates research but does so cost-effectively. Indirect costs, by definition, constitute Federal expenditures that do not directly support researchers.

## **II. NSF Releases the Policy Notice**

15. On May 2, 2025, NSF promulgated a policy notice entitled “Implementation of Standard 15% Indirect Cost Rate,” (Policy Notice). A true and correct copy of the Policy Notice is attached to this declaration as Exhibit 1. The Policy Notice was the 34th NSF policy notice promulgated this year.

16. As the name suggests, the Policy Notice states that “NSF will apply a standard indirect cost rate not to exceed 15% to all grants and cooperative agreements awarded to IHEs for which indirect costs are allowable.” The Policy Notice further states that “NSF funding opportunities issued after May 5, 2025, will include notice of this indirect cost rate policy to ensure public awareness.” Ex. 1. This maximum rate “applies only to new awards made to IHEs on or after May 5, 2025.” Ex. 1. The Policy Notice also clarifies that it does not apply to existing grants, or to continuing grant increments. Ex. 1.

17. As part of promulgating the Policy Notice, NSF updated its public website to notify all NSF stakeholders of the new policy. It also sent a mass distribution email to the NSF external community, including: 1) all organizations with pending proposals received to date; 2) official email addresses of all organizations with an active award; 3) all organizations that submitted a proposal to the NSF within the past seven (7) years; 4) all Principal Investigators and co-Principal Investigators on active awards; and, 5) all users with financial certifier permissions activated announcing the 15% IDC rate limit for IHEs and implementation of NSF 25-034.

18. Review of awards from 2024 can illustrate the impact of the policy on future awards. In 2024, NSF awarded approximately 9,400 grants to IHEs totaling \$4,220,979,654. Based on budgets at the time of award, \$3,155,534,062 were for direct costs and \$1,065,445,592 were for indirect costs. If indirect costs had been limited to 15% for IHEs in FY24, then, at the time of award, the budgeted indirect costs would have been \$432,298,644 less. Based on these estimates, the effective indirect cost rate when calculated as a proportion of total award amount was approximately 25.2%; when applied as a proportion of total direct costs is 33.8%

I HEREBY DECLARE TO THE BEST OF MY KNOWLEDGE AND BELIEF, UNDER PENALTY OF PERJURY under the laws of the United States of America, that the foregoing is true and correct. EXECUTED this 23rd day of May, 2025.

JANIS A COUGHLIN-PIESTER

Digitally signed by JANIS A  
COUGHLIN-PIESTER  
Date: 2025.05.23 16:12:18 -04'00'

Janis Coughlin-Piester

CFO and Office Head for Budget, Finance,  
and Award Management

National Science Foundation